

SPEAR REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2015/407237/06)

Share code: SEA

ISIN: ZAE000228995

Approved as a REIT by the JSE

("Spear" or "the Company")



SPEAR
REIT LIMITED

SHORT-FORM ANNOUNCEMENT: UNAUDITED INTERIM RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 AUGUST 2020

1. SALIENT FEATURES

Distributions per share decreased by 34.27% to 29.34 cents per share (based on a 80% pay-out ratio), from 44.64 cents per share in the prior corresponding period (based on a 100% pay-out ratio).

Interim collection of 96.90% vs billings as measured at 15 October 2020.

Year to date collections to October 2020 of 94.03% vs billings as measured at 15 October 2020.

Management has successfully renewed/re-let 101 125m² at a negative reversion of 1.90%.

Net asset value per share increased by 1.04% to 1179 cents per share, from 1167 cents per share in the prior corresponding period.

Portfolio occupancy rate of 91.20% and 100% Western Cape based.

Investment property value increased 13.76% to R4.46 billion, from R3.92 billion in the prior corresponding period.

Loan-to-Value increased by 5.73% to 45.36%, from 39.63% reported as at 29 February 2020.

Revenue increased by 1.19% to R254 million, from R251 million in the prior corresponding period.

Headline earnings per share decreased by 13.79% to 39.20 cents per share, from 45.47 cents per share in the prior corresponding period.

A loss of 0.58 cents per share were reported for the current period, compared to the earnings of 14.51 cents per share in the prior corresponding period.

2. DIVIDEND WITH ELECTION TO REINVEST

The directors resolved to declare an interim gross dividend of 29.34465 cents per share from income reserves, in respect of the six months ending 31 August 2020, payable to shareholders registered as such at the close of business on Friday, 20 November 2020 (“**Record Date**”).

Shareholders will be entitled to elect to reinvest the cash dividend, in return for Spear ordinary shares (“**Shares**”) (“**Dividend Reinvestment Alternative**”), failing which, they will receive the cash dividend (“**Cash Dividend**”). Further details regarding the Dividend Reinvestment Alternative will be set out in a circular to shareholders, to be issued on 3 November 2020.

The entitlement of shareholders to elect to participate in the Dividend Reinvestment Alternative is subject to the board having the discretion to withdraw the entitlement to elect the Dividend Reinvestment Alternative should market conditions warrant such action. A withdrawal of the entitlement to elect the Dividend Reinvestment Alternative would be communicated to Shareholders before the publication of the finalisation announcement on Friday, 6 November 2020.

By electing the Dividend Reinvestment Alternative, Shareholders will be able to increase their shareholding in Spear without incurring dealing costs. In turn, and in line with Spear's stated strategy to reduce its LTV, the reinvested funds will be deployed to reduce existing debt.

Please see below the salient dates and times relating to the Cash Dividend and Dividend Reinvestment Alternative:

The salient dates and times:	2020
Record date to determine which shareholders are entitled to receive the circular (“ Circular ”)	Friday, 23 October
Declaration date	Friday, 30 October
Circular and form of election posted to shareholders	Tuesday, 3 November
Finalisation announcement containing the Dividend Reinvestment Alternative issue price, ratio and finalisation information on SENS	Friday, 6 November
Last day to trade cum Dividend Reinvestment Alternative and Cash Dividend (“ LDT ”)	Tuesday, 17 November
Trading commences ex Dividend Reinvestment Alternative and Cash Dividend	Wednesday, 18 November
Listing of maximum possible number of Shares to be issued under the Dividend Reinvestment Alternative	Friday, 20 November
Last day to elect to receive the Dividend Reinvestment Alternative by 12:00pm (South African time) on	Friday, 20 November
Record Date	Friday, 20 November

Electronic payment and CSDP/broker accounts updated in respect of Cash Dividend and cash dividend cheques posted to certificated Shareholders on	Monday, 23 November
Announcement of the results of the Dividend Reinvestment Alternative and Cash Dividend on SENS	Monday, 23 November
Share certificates posted and CSDP/broker accounts updated in respect of Dividend Reinvestment Alternative on	Wednesday, 25 November
Adjustment of number of new Shares listed on or about	Friday, 27 November

Notes:

1. Shareholders electing the Dividend Reinvestment Alternative should note that settlement of the Shares will occur three business days after the record date, which differs from the conventional one business day after the record date settlement process.
2. Share certificates may not be dematerialised or rematerialised between Wednesday, 18 November 2020 and Friday, 20 November 2020, both days inclusive.
3. The above dates and times are subject to change. Any changes will be announced on SENS.
4. All times quoted in the Circular are South African times.

Tax implications

In accordance with Spear's status as a Real Estate Investment Trust ("**REIT**"), shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962, as amended ("**Income Tax Act**").

South African tax residents

Qualifying distributions received by shareholders who are South African tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder. These qualifying distributions are, however, exempt from dividend withholding tax ("**DWT**") in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated Shares, or to Spear's transfer secretaries ("**Transfer Secretaries**"), in respect of certificated Shares:

- a declaration that the distribution is exempt from DWT; and
- a written undertaking to inform the CSDP, broker or the Transfer Secretaries, as the case may be, should the distribution cease to be exempt from DWT,

both in the form prescribed by the Commissioner for the South African Revenue Service ("**SARS**") and shareholders are accordingly advised to contact their CSDP or broker or

the Transfer Secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Non-residents shareholders

Qualifying distributions received by non-resident shareholders will not be taxable as income and will instead be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distribution received by a non-resident from a REIT will be subject to DWT at a rate of 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“**DTA**”) between South Africa and the country of residence of the shareholder. Assuming DWT will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 23.47572 cents per Share. A reduced DWT rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated Shares, or to the Transfer Secretaries, in respect of certificated Shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform their CSDP, broker or the Transfer Secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner,

both in the form prescribed by SARS. Non-resident shareholders are advised to contact their CSDP or broker or the Transfer Secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Non-resident shareholders are advised to contact their CSDP, broker or company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Holders of uncertificated shares have to ensure that they have verified their residence status with their CSDP or broker. Holders of certificated shares will be asked to complete a declaration to the company.

Further information

Fractions

Trading in the electronic Strate environment does not permit fractions and fractional entitlements in respect of Shares. Accordingly, should a shareholder’s reinvestment in new Shares, calculated in accordance with the ratio to be announced in the finalisation announcement, give rise to a fraction of a new Share, such fraction will be rounded down to the nearest whole number, resulting in the allocation of whole Shares and a payment to the shareholder in respect of the remaining cash amount due to that shareholder under the dividend. Certificated shareholders whose bank account details are not held by the Transfer Secretaries, are requested to provide such details to the Transfer Secretaries to enable payment of the fraction due to the shareholder in respect of the Dividend Reinvestment Alternative. Should no details be on record, the funds will be held by the

Company until such time as the details have been provided and the cash fraction will be paid to the shareholder upon its request.

Foreign shareholders

The distribution of the Circular and/or accompanying documents and the right to elect the Dividend Reinvestment Alternative in jurisdictions other than south Africa may be restricted by law and a failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Shares have not been and will not be registered for the purposes of the election under the securities laws of the united Kingdom, European Economic Area or EEA, Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken-up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions.

The number of ordinary shares in issue at the declaration date is 205 776 521 and the income tax number of the Company is 9068437236.

3. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement (“**Full Announcement**”) and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/SEAE/SEAHY21.pdf>

Copies of the Full Announcement is also available for viewing on the Company’s website at <https://spearprop.co.za/pdf/investor-relations/spear-interim-results-august-2020.pdf>. In addition, electronic copies of the Full Announcement may be requested and obtained, at no charge, from the Company at info@spearprop.co.za and from PSG Capital.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

The Company has based this short-form on the financial results for the six months ended 31 August 2020 which have not been reviewed by the Company’s auditors.

4. RESULTS PRESENTATION

Shareholders are invited to view Spear’s interim results presentation to be broadcasted on YouTube at 11h00 SAST on Friday, 30 October 2020.

Presentation details:

- View and listen mode;
- Link: <https://youtu.be/MbyFC3EcPJU>;
- Presentation slides will be made available on Spear's website shortly before the broadcast of the presentation under investor relations / financial results / presentations, at the following link: <https://spearprop.co.za/investor-relations/>
- Questions may be e-mailed during the presentation to: info@spearprop.co.za

30 October 2020

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